

## Message Text

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ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-04 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 AID-05 COME-00 EB-07 FRB-03 TRSE-00 XMB-02

OPIC-03 CIEP-01 LAB-04 SIL-01 OMB-01 AGR-05 ACDA-05

MC-02 ERDA-05 CEA-01 FPC-01 INT-05 SAM-01 OES-03

STR-04 IO-11 FEA-01 /140 W

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R 301222Z JAN 76 CORRECTED COPY FOR MCN)

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 3707

INFO AMEMBASSY BONN

AMEMBASSY ISLAMABAD

AMEMBASSY LONDON

AMEMBASSY PARIS

USEC BRUSSELS 0431

IAEA VIENNA 0374

AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL MADRAS

C O N F I D E N T I A L SECTION 1 OF 2 NEW DELHI 1492

E.O. 11652: XGDS-1

TAGS: PFOR, ETRD, TECH, EEC, XO, IN, FR

SUBJECT: THE CHIRAC VISIT -- MODEST IMPROVEMENT IN A NOT VERY  
IMPORTANT RELATIONSHIP

REF: NEW DELHI 1207 (NOTAL)

SUMMARY: FRENCH PRIME MINISTER CHIRAC PAID A HIGH  
PROFILE VISIT TO INDIA WHICH NETTED THE GOI LITTLE OF  
SUBSTANCE, BUT WAS PORTRAYED AS APPROVAL OF MRS. GANDHI  
BY THE INDIAN MEDIA. THE TWO SIDES ELEVATED THEIR  
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JOINT COMMISSION TO MINISTERIAL LEVEL, DISCUSSED

INCREASED TRADE, AND MADE KIND NOISES ABOUT EACH OTHER'S ENLIGHTENED FOREIGN POLICY. CHIRAC MADE A BID TO SELL ARMS, AND ENDORSED CONTINUAL NUCLEAR COOPERATION UNDER PROPER SAFEGUARDS. CHIRAC JUSTIFIED FRANCE'S INDIAN OCEAN ROLE. THE FRENCH EMBASSY HERE EVALUATES THE VISIT AS NOT VERY IMPORTANT, BUT FINDS BILATERAL RELATIONS GOOD AS FAR AS THEY GO. THE ECONOMIC AGREEMENTS MAY RESULT IN A MODEST INCREASE IN A MODEST BILATERAL TRADE. END SUMMARY.

1. FRENCH PRIME MINISTER JACQUES CHIRAC ACCOMPANIED BY FOREIGN TRADE MINISTER R. BARRE, SECRETARY OF STATES D. DESTREMAU, DIRECTOR OF ECONOMIC AFFAIRS CHRISTIAN D'AUMALE, AND THE PRIME MINISTER'S FOREIGN AFFAIRS ADVISOR S. BOIDEVAIX PLUS 34 OTHER OFFICIALS FROM THE FRENCH FOREIGN, TRADE, AND FINANCE MINISTRIES, WITH AN ENTOURAGE OF 40 FRENCH JOURNALISTS, PAID A FOUR DAY VISIT TO INDIA, JANUARY 23 THROUGH 26. CHIRAC MET TWICE WITH MRS. GANDHI FOR PRIVATE TALKS, EACH ACCOMPANIED BY ONLY ONE ADVISOR, P.N. DHAR FOR THE INDIANS AND BOIDEVAIX FOR THE FRENCH ON THESE OCCASIONS AND ALSO WITH FULL DELEGATIONS AT ONE MEETING. IN ADDITION THE LEADERS MET AT RECIPROCALLY HOSTED DINNERS, AND CHIRAC WAS THE GUEST OF HONOR FOR THE REPUBLIC DAY PARADE. OUR FRENCH EMBASSY CONTACT SAID THERE WAS NO WRITTEN RECORD AVAILABLE TO THE EMBASSY OF THESE DISCUSSIONS, BUT THAT HE UNDERSTOOD PRIME MINISTER GANHI SPENT A GREAT DEAL OF TIME JUSTIFYING THE "EMERGENCY" IN INDIA. (THIS FOLLOWS THE PATTERN SHE SET IN RECENT VIP CALL .) THE TWO LEADERS ALSO DISCUSSED THE MIRAGE AIRCRAFT, BUT NO DECISIONS WERE TAKEN. DISCUSSIONS RELATING TO AIRCRAFT INDUSTRY PRODUCTION WERE AS FAR AS WE CAN DETERMINE RELATED ONLY TO COMMERCIAL EQUIPMENT, ALTHOUGH IT IS CLEAR FROM PRESS ACCOUNTS THAT CHIRAC MADE A BID TO SELL FRENCH ARMS WHICH HE SAID WERE FREE OF THE COMPLICATING FACTORS OF PROCUREMENT FROM THE SUPER POWERS ENTAILED.

2. DURING THE CHIRAC VISIT FOUR ECONOMIC AND TECHNICAL AGREEMENTS WERE SIGNED. THE STATUS OF THE INDO-FRENCH JOINT COMMITTEE WAS UPGRADED TO A MINISTERIAL LEVEL, WITH THE MEETINGS TO BE HELD AT LEAST ONCE A YEAR ALTERNATIVELY IN PARIS AND NEW DELHI AND CO-CHAIRLED BY THE RESPECTIVE MINISTERS OF COMMERCE. A SECOND AGREEMENT INVOLVES TECHNICAL COOPERATION IN THE FIELD OF TELE-

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COMMUNICATIONS, PARTICULARLY THE EXCHANGE OF INFORMATION AND EXPERTS IN DIGITAL ELECTRONIC SWITCHING, LONG DISTANCE TRANSMISSION AND SATELLITE COMMUNICATIONS SYSTEMS. THIRDLY, THE CENTRAL ELECTRICITY AUTHORITIES OF THE TWO COUNTRIES AGREED TO COOPERATE IN THE AREA OF ELECTRIC POWER GENERATION AND TRANSMISSION. THE TWO ORGANIZATIONS WILL REPORTEDLY DEVELOP ON A JOINT BASIS BULB TYPE HYDRO PLANTS, ESTABLISH A HIGH VOLTAGE LABORATORY FOR TESTING OF EXTRA HIGH VOLTAGE EQUIPMENT,

AND PLAN AND DESIGN E.H.V. TRANSMISSION SYSTEMS. A FINAL AGREEMENT PROVIDED FOR FRENCH INVESTMENT IN INDIA'S AIRCRAFT INDUSTRY TO MANUFACTURE EQUIPMENT FOR AIRBUSES. CHIRAC SAID THAT INDIA HAD CONTRACTED TO BUY THREE AIRCRAFT FROM FRANCE, WITH DELIVERY EXPECTED TO START IN 1977. HE ALSO STATED THAT INDIAN PURCHASE OF THREE ADDITIONAL AIRBUSES WAS BEING CONSIDERED. IN ADDITION, THE POSSIBILITY OF THE MANUFACTURE IN INDIA OF AIRPLANE COMPONENTS FOR EXPORT WAS REPORTEDLY DISCUSSED.

3. CHIRAC SAID THAT ONE OF THE MAJOR PURPOSES OF HIS VISIT WAS TO IMPROVE THE TRADE BALANCE BETWEEN THE TWO COUNTRIES. DURING THE FIRST 11 MONTHS OF 1975 INDIA INCURRED AN ADVERSE TRADE BALANCE OF APPROXIMATELY \$115 MILLION, PRIMARILY BECAUSE OF IMPORTS OF FRENCH WHEAT. CHIRAC SAID FRANCE WAS INTERESTED IN PURCHASING MORE INDIAN GOODS, SUCH AS STEEL AND COAL. HE ALSO STATED THAT FRANCE HAD DECIDED TO MAINTAIN IN 1976 ITS CREDIT TO INDIA OF 300 MILLION FRANCS. IN ADDITION, HE INDICATED FRENCH DESIRE TO COOPERATE IN INDIA'S OFFSHORE EXPLORATION OF OIL AND IN SUCH AREAS AS RAILWAYS, PETRO-CHEMICALS AND STEEL. THE TWO PARTIES EXPRESSED A KEEN DESIRE THAT INDIA AND THE EEC EXPAND AND DIVERSIFY THE GROWING COOPERATION BETWEEN THEM. THE PARTIES ALSO ENDORSED THE PROMISING START OF THE PARIS CIEC.

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ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-04 H-02

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SAM-01 OES-03 STR-04 /140 W

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FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 3708  
INFO AMEMBASSY BONN  
AMEMBSSSY ISLAMABAD  
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AMEMBASSY PARIS  
USEC BRUSSELS 0432  
IAEA VIENNA 0375  
AMCONSUL BOMBAY  
AMCONSUL CALCUTTA  
AMCONSUL MADRAS

C O N F I D E N T I A L SECTION 2 OF 2 NEW DELHI 1492

4. RESPONDING TO A QUESTION ON THE NUCLEAR AREA, CHIRAC TOLD THE PRESS ON JANUARY 24 THAT FRANCE'S COOPERATION WITH INDIA HAD NOTHING TO DO WITH INDIAN EFFORTS IN THE DEFENSE FIELD. "OUR COOPERATION IS ON PRODUCTION OF ELECTRICITY", THE FRENCH PRIME MINISTER SAID. CHIRAC ALSO INDICATED CONTINUED FRENCH COOPERATION WOULD ENTAIL SAFEGUARDS. ON THE QUESTION OF A SECOND NUCLEAR EXPLOSION BY INDIA, CHIRAC SAID INDIA'S NUCLEAR PROGRAM WAS A MATTER FOR THE INDIAN GOVERNMENT'S POLICY, "NOT OUR PROBLEM."

5. WHEN ASKED TO COMMENT ON THE PRESENCE OF FRENCH SHIPS IN  
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THE INDIAN OCEAN, CHIRAC SAID THIS WAS NOT SO IMPORTANT AS TO DESERVE DISCUSSION IN NEW DELHI. "WE HAVE ALWAYS HAD SOME SHIPS IN THAT PART OF THE WORLD WHERE WE HAVE SOME INTEREST. IT ALL DEPENDS UPON THE PERIOD OF THE YEAR. RIGHT NOW WE HAVE SOME SHIPS AND WE HAVE A RIGHT TO BE THERE."

6. THE FRENCH JOURNALISTS COVERING THE VISIT WERE ACCREDITED BY THE GOI, BUT WERE NOT ASKED TO ACKNOWLEDGE PRESS LINES OR GIVE ANY UNDERTAKING REGRADING THEIR STORIES. THE FRENCH EMBASSY HERE HAD NOT YET HEARD WHAT KIND OF PRESS THE TRIP RECEIVED IN FRANCE. THE INDIAN PRESS, HOWEVER, GAVE PROMINENT PLAY TO THE VISIT.

7. OUR FRENCH EMBASSY CONTACT SAID THAT CHIRAC'S TRIP WAS IN RETURN FOR THE VISIT BY MRS. GANDHI IN 1971. THE FRENCH HAD HOPED THE VISIT WOULD TAKE PLACE DURING OCTOBER WHEN THERE WERE SIGNS THAT THE "EMERGENCY" MEASURES WOULD BE RELAXED, BUT THIS PARTIAL RELUCTANCE TO BE SEEN TO APPROVE THE CONTINUING "EMERGENCY" WAS NOT SERIOUS ENOUGH TO DEFER THE VISIT. THE FRENCH HERE ALSO INTERPRET THE TRIP AS PART OF CHIRAC'S EFFORT TO PORTRAY HIMSELF AS A LEADER WITH INTERNATIONAL STATURE. CHIRAC WAS SATISFIED WITH THE RESULT, ACCORDING TO OUR CONTACT, WHO ALSO OBSERVED THAT THE VISIT WAS NOT REALLY VERY IMPORTANT, AND THAT THE FRENCH HAD GIVEN THE GOI NOTHING OF SUBSTANCE. THE INDIANS SOUGHT MORE EXPLICIT AND BLANKET SUPPORT FOR THE "EMERGENCY" IN

THE FINAL COMMUNIQUE, BUT THIS THE FRENCH RESUDED TO GIVE, REJECTING FOR EXAMPLE, THE FORMULA THAT "THE FRENCH PRIME MINISTER UNDERSTOOD THE EMERGENCY MEASURES TAKEN BY THE GOI". MRS. GANDHI ACCEPTED CHIRAC'S INVITATION TO VISIT FRANCE. CHIRAC TOLD THE PRESS HE HOPED THE VISIT WOULD TAKE PLACE THIS YEAR.

8. COMMENT: THE INDIANS PLAYED THE VISIT FOR WHAT IT WAS WORTH, AND CAN BE CONTENT WITH SOME TACIT ENDORSEMENT FROM ONE OF THE LEADING WESTERN DEMOCRACIES. THE GAINS FOR MRS. GANDHI AND HER ADMINISTRATION WERE MORE PSYCHOLOGICAL THAN REAL. AS THE FRENCH HERE THEMSELVES SEE IT, FRANCO-INDIAN RELATIONS ARE GOOD, BUT NOT REALLY VERY IMPORTANT FOR EITHER SIDE, AND THE LIKELIHOOD IS THAT THEY NEVER WILL BE. THE FRENCH ECONOMIC PRESENCE IN INDIA IS NOT LARGE. TRADE BETWEEN THE TWO COUNTRIES AMOUNTED TO APPROXIMATELY \$200 MILLION IN IFY 1974-75, OR ONLY TWO PER-  
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CENT OF INDIA'S TOTAL TRADE THAT FISCAL YEAR. FRENCH PRIVATE INVESTMENT IN INDIA IS INSIGNIFICANT. THE RECENT AGREEMENTS, HOWEVER, MAY RESULT IN A MODEST INCREASE IN INDO-FRENCH ECONOMIC RELATIONS.  
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